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EFFECTS OF TAXATION, INCLUDING
SUCCESSION DUTIES, ON LAND USE
IN ONTARIO

A Brief to the Ontario Committee on
Taxation from the Conservation Council
of Ontario - January 22nd 1964.

The Conservation Council of Ontario

85 KING STREET EAST • TORONTO 1 • E.M. 6-1387

EFFECTS OF TAXATION, INCLUDING SUCCESSION DUTIES, ON LAND USE IN ONTARIO

A Brief to the Ontario Committee on Taxation
January 22, 1964.

The Chairman and Members,
The Ontario Committee on Taxation,
88 University Avenue,
Toronto 1, Ontario.

Gentlemen:

The Conservation Council of Ontario appreciates this opportunity to submit its views to your Committee on the effects of taxation, including succession duties, on land use in Ontario.

We have taken note that one of the main purposes of your Committee is to examine and report on the taxation and revenue system of the Province with a view to determining whether such system is as conducive to the sound growth of the Province as can be devised.

The chief aim of the Conservation Council is to encourage in every way possible the use of land and resources to achieve such growth, which we take to mean social as well as economic advancement. Our Council believes that taxation can be an important tool in achieving this objective.

The Conservation Council of Ontario is composed of the major organizations in Ontario concerned with the use and management of the Province's renewable natural resources of soil, water, forests, fish & wildlife and of land and the natural environment in general. These 17 organizations are:-

Canadian Institute of Forestry
Community Planning Association of Canada (Ontario Division)
Federated Women's Institutes of Ontario
Federation of Ontario Naturalists
Junior Farmers' Association of Ontario
Northern Ontario Tourist Outfitters
Ontario Chamber of Commerce
Ontario Council of Commercial Fisheries
Ontario Federation of Agriculture
Ontario Federation of Anglers and Hunters
Ontario Forestry Association
Ontario Institute of Agrologists
Ontario Professional Foresters Association
Ontario Soil and Crop Improvement Association
Quetico Foundation
Soil Conservation Society of America (Ontario Chapter)
Town Planning Institute of Canada (Central Ontario Chapter)

Each of these groups has an interest in land and resources from a special point of view. By drawing on the wealth of knowledge and experience from among them, and from among its individual members, the Council endeavours to appraise resource problems as comprehensively and objectively as possible.

EFFECTS OF TAXATION, INCLUDING THE EFFECTS OF
ON LAND USED IN AGRICULTURE

Report to the Council of Agriculture and Forestry
June 15, 1944

The Council of Agriculture and Forestry
The Council of Agriculture and Forestry
38 University Avenue
Toronto, Ontario

Dear Sirs:

The Council of Agriculture and Forestry has the honor to acknowledge the receipt of your letter of the 14th inst. regarding the effects of taxation on land used in agriculture.

We have the pleasure to inform you that the Council of Agriculture and Forestry has been studying the effects of taxation on land used in agriculture and has been in communication with the various departments of the Government.

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The Conservation Council has long been concerned with problems of land use in Ontario and has expressed its views on a number of occasions, notably in a Report on Land Use to the Ontario Government in 1960. As this report has a section on Taxation and Land Use (Page 30), and as it makes some suggestions for resolving land competition that bear on matters of assessment and taxation (Pages 36, 37 & 39) a copy of the report is attached to this brief.

The Council is concerned with land use because land is the habitat of man. It not only provides us with food, clothing and shelter and most of the material requirements of our civilization, but much else besides. Land is the home of countless kinds of plant and animal life, many of them adding beauty and richness to our lives, with many more being significant ecologically.

Land also is the landscape. It is well known that our physical surroundings have a profound psychological influence upon us; that landscape can uplift and inspire us, induce contentment or depress us and make us melancholy.

We cannot all live in places of scenic grandeur, nor would we necessarily want to; the trend today is to urban living. But it is not necessary to put up with the dismal and depressing surroundings that we have been allowing to develop in the more thickly populated parts of Ontario as a result of inadequately controlled urban and industrial expansion. It is possible to create surroundings, both within our cities and towns and in the countryside beyond, which are inspiring and with which we may feel in harmony. If the quality of life is important it is essential that we do so.

In an age when man by his sheer numbers and sophisticated technology is changing the face of the earth at an unprecedented rate, and when competition for the limited land available is growing ever more keen, we cannot assume that we will be able to preserve the amenities of nature except in the context of overall land use planning to create the kinds of landscape and environment that we want.

It is because we do not yet have such planning in Ontario, and because we persist in thinking of land mainly as a commodity with a price tag attached, and not as it really is - our earth home - that the quality of the landscape in our urban regions is steadily deteriorating. One evidence of this is the unsightly and uneconomic sprawl around most of our large cities and towns. It is not inconceivable that the burgeoning demand for outdoor recreational opportunities that has become characteristic of this age might be greatly lessened were our communities made more aesthetically pleasing and attractive generally. The weekend exodus from our cities and towns with all its attendant stresses is perhaps the most eloquent admission of our failure so far to create satisfying environments where we live.

Because of rapid population growth and the concentration of the greater part of this growth in ten counties¹ around the western end of Lake Ontario (an area of only 1.6% of the total area of the Province) competition for land in the more densely populated regions has become extremely keen and will become more and more so as time goes on.²

The Conservation Council is concerned that this competition shall be resolved so that the limited land available will be used as productively as possible; that it shall return perpetually to the people of Ontario the maximum social and economic benefits of which it is capable. This is not now happening, partly because of our traditional attitudes towards land and partly because existing legislation and institutional arrangements are not completely geared to the needs of the present day.

Here in Ontario, as elsewhere in North America, we are in the midst of a social and technological revolution, the consequences of which

have barely begun to be understood. There remains a hesitancy in this Province to grapple boldly and imaginatively with the problems created by these swiftly changing events, and this is evident where taxation and assessment are concerned in relation to land use.

The point has been made many times before by the Conservation Council of Ontario and others that most of the municipalities in Ontario, having been organized in the 19th century before the advent of the automobile, and at a time when the Province was almost entirely rural, have long since become anachronisms as autonomous entities in matters of taxation and assessment.

The competition which now exists between municipalities for assessment has led increasingly to irrational and wasteful patterns of land use, especially in the more thickly populated urban regions. Such waste is evident from the standpoint of land for agriculture, for recreation, for the conservation of wildlife, for the preservation of amenity, and from the standpoint of the development of water resources and waste disposal.

The Conservation Council is convinced that if Ontario is to make the best use of its land and resources in the future and avoid further waste, land use planning on a province-wide and regional basis must be introduced and made to work. This is the responsibility of the Government of Ontario. It is wishful thinking to imagine that such planning will come about without government initiative and leadership.

Without elaborating in too much detail what we mean by "regional planning" suffice it to say that present day conditions and trends require the conscious unification of urban planning and resources planning over an increasingly large part of the Province. Former distinctions between urban and rural people and environments are now gone or disappearing and are no longer tenable.

Among the various requirements of regional planning is the rationalization of some municipal functions, including assessment and taxation, in order to deal effectively with area-wide problems that are rapidly becoming critical and with which local governments can no longer cope when acting unilaterally.

The remainder of this brief deals with specific aspects of land use and taxation and includes recommendations with respect to them.

AGRICULTURAL LAND USE AND TAXATION

"If Ontario is to remain the industrial centre of Canada it must have access to low cost food. Likewise the farmer must be able to earn a living comparable to that of his city neighbour. This is only possible if yields per acre are increased and if the good soils are used to the maximum. About 12,000,000 acres of the soils of southern Ontario are well suited for agricultural purposes. Every step which removes part of the 12,000,000 acres of good or prime land from agricultural uses, drives agricultural production onto poorer land and means ultimately an increase in food production costs. This could reach a point of imbalance where food costs in Ontario became so high as to be detrimental to industrial expansion." Conservation Council Land Use Report - 1960.

Agriculture is a business which involves longterm planning whether it be to reseed a field, build new fences, plant an orchard or undertake afforestation. Farmers won't and cannot be expected to make these capital expend-

have partly been taken into account. This remains a possibility. The fact is that the Government has not yet decided whether it will continue to subsidize the export of goods and services, and that it will continue to subsidize the export of goods and services.

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The competition with new entrants has been a major factor in the development of the export of goods and services. The fact is that the Government has not yet decided whether it will continue to subsidize the export of goods and services, and that it will continue to subsidize the export of goods and services.

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itures without assurance of at least the possibility to be able to reap profit in due time. For many farmers in Ontario today, especially those whose lands lie within the orbit of urban influence, such assurance is doubtful. Uncontrolled urban sprawl on to these lands, most of which are among the 12 million acres of prime soils referred to above, has, in recent years, resulted in greatly increased taxes for the farming community to pay for schools and other services demanded by the new non-farm residents, many of whom go to the country to live, but who work in cities and towns anywhere up to 50 miles and more away.

In many cases, taxes on farm properties have risen to the point where it has become impossible for farmers to continue to operate at a profit, with the result that a great deal of the best farmland in the Province has gone out of agriculture prematurely and unnecessarily.

The Conservation Council appreciates that as cities expand, land on the outskirts must be taken up for building. The Council is disturbed however by the way in which most urban growth in Ontario has been taking place since the end of the last war. Studies³ have shown that for every acre actually used for residential and industrial development anywhere from 2-6 acres have been ruined for agricultural purposes or forced out of agricultural production. As subdivisions begin to mushroom on the outskirts of cities and towns assessments rise and severe tax pressures are created for farmers on the urban-rural fringes. Speculators move in and prices go up, forcing development to bypass substantial tracts of vacant land in search of cheaper land farther out, which in turn becomes a high price area. And so it goes.

It is sometimes argued that this wasteful growth is not really wasteful at all, as the trend for the foreseeable future is for more and more agricultural production from fewer and fewer acres. This may be true, but there are at least five good reasons why productive farmland around our towns should be retained in agriculture as long as possible. They are:-

1. To provide a reserve of open space
2. To help sustain the regional economy
3. To keep down the cost of food
4. For the sake of amenity
5. To keep down the costs of essential services

1. To provide a reserve of open space

Good land kept in agriculture until it is actually needed for urban growth leaves it available for other uses such as for its amenity value, for hunting and for other forms of much needed outdoor recreation for urban populations.

2. To help sustain the regional economy

A thriving agricultural community immediately adjacent to a city or town makes an important contribution to the economy of the entire urban region, both as a generator of industrial activity and as a provider of jobs.

In 1960, farmers in Canada paid out more than 188 million dollars for gas, oil and machine repairs on tractor operations alone, 109 million dollars for truck costs and 100 million dollars for building repairs. What proportion of these amounts was spent by farmers actually living within urban-centred regions is hard to say, but it must obviously have been considerable.

Apart from this direct expenditure by farmers themselves, the food processing industry, depending largely on nearby sources of agricultural produce is making a significant contribution to the regional economy in

...the fact that the Government of Canada has been successful in securing the right of access to the St. Lawrence River for the purpose of navigation. This is a very important factor in the development of the region. The Government has also been successful in securing the right of access to the St. Lawrence River for the purpose of navigation. This is a very important factor in the development of the region. The Government has also been successful in securing the right of access to the St. Lawrence River for the purpose of navigation. This is a very important factor in the development of the region.

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It is recommended that the Government of Canada should continue to support the Commission on the St. Lawrence River. This is a very important factor in the development of the region. The Government should also continue to support the Commission on the St. Lawrence River. This is a very important factor in the development of the region. The Government should also continue to support the Commission on the St. Lawrence River. This is a very important factor in the development of the region.

1. To provide a measure of open space
2. To help achieve the regional economy
3. To keep down the cost of food
4. For the sake of security
5. To keep down the cost of essential services

To provide a measure of open space

Good land kept in agriculture will be a valuable asset for the future. It will be a valuable asset for the future. It will be a valuable asset for the future. It will be a valuable asset for the future. It will be a valuable asset for the future. It will be a valuable asset for the future.

To help achieve the regional economy

A strategy of regional development is essential for the development of the region. This is a very important factor in the development of the region. A strategy of regional development is essential for the development of the region. This is a very important factor in the development of the region. A strategy of regional development is essential for the development of the region. This is a very important factor in the development of the region.

In 1960, the Government of Canada spent more than 100 million dollars on regional development. This is a very important factor in the development of the region. The Government has also been successful in securing the right of access to the St. Lawrence River for the purpose of navigation. This is a very important factor in the development of the region. The Government has also been successful in securing the right of access to the St. Lawrence River for the purpose of navigation. This is a very important factor in the development of the region.

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some areas, notably in the Niagara Region. In the report of its economic survey of the Niagara Region, recently released, the Department of Economics and Development revealed that the fruit and vegetable processing industry in the area and Ontario's wine industry had a total gross selling value of factory shipments of nearly 60 million dollars in 1960, and that the fruit and vegetable processing industry in this region in the same year employed 3,063 persons who earned over 8 million dollars in wages and salaries. (The Conclusion of the section on Agriculture in this report is attached to this brief as Appendix I because of its significance in relation to urban sprawl and the need for a regional land use programme to ensure optimum development of the Fruit Belt.)

3. To keep down the cost of food

Though we are apt to take food for granted in this country we should not forget that the high standard of living we enjoy is due largely to the relatively little we have to pay for food. Local availability of many of our essential food requirements is one reason for this advantage. The more urban people have to depend on sources of supply from a distance, the more they will have to pay for food with less money being available for other essentials and luxuries.

4. For the sake of amenity

One of the most powerful arguments for encouraging agricultural activity up to, and perhaps even within, city limits is for the sake of amenity. Urban sprawl spreads out over the landscape without direction or purpose destroying natural beauty as well as the essential habitat of many interesting and valuable wild creatures. People who live in today's cities and in the sprawling suburbs that have gone up everywhere during the last fifteen years are desperately in need of breathing space, oases of greenery and the sight and smells of the good earth and what it produces. Children especially need contact with nature and first-hand experience of where their food comes from. This is not a luxury but a basic human necessity. The sight of prosperous, well-tended farms around where we live would go a long way to mitigate much of the monotony and inhuman character of present-day urban and suburban living.

5. To keep down the cost of essential services

If urban sprawl could be eliminated, thus allowing good farmland to be retained in agriculture until actually needed for urban use, considerable savings could be effected in providing essential services by those municipalities on the urban-rural fringe. In a study of the Lower Mainland Region of British Columbia⁴ it was shown that low density urban sprawl had been causing the suburban municipality of Surrey approximately 250,000 dollars a year more for services that it would have cost if the urban growth had taken place in a more compact and orderly manner.

The chief item of municipal costs in Ontario today is education, and often more than 50% of the rural taxpayer's bill is for education. The Conservation Council is opposed to the present system of taxing land to pay for education costs. It is not only unjust, as other briefs to your Committee have pointed out, but, in these days, unrealistic because it is a major factor influencing wasteful patterns of land use.

The Council holds that real property should be taxed to pay for services to property, such as roads, fire, police, etc., and that the costs of services to people, such as education and health, should be paid for on an equitable basis among the population at large.

While inequitable levels of taxation are to be found chiefly in rural areas which lie within the orbit of urban influence, and hardly at all in those

some extent, notably in the Negro Region. In the report of the Commission on the Negro Region, recently released, the Department of Economic and Development indicated that the fruit and vegetable processing industry in the Negro Region had a total gross value of \$100 million in 1950, and that the fruit and vegetable processing industry in this region in the same year employed 100,000 persons who earned over \$5 million dollars in wages and salaries. (The Commission of the American Republics in this report is attached to this report as Appendix I because of its significance in relation to urban reform and the need for a regional land use programme to ensure optimum development of the Fruit Belt.)

1. To keep down the cost of food

Though we are apt to take food for granted in this country we should not forget that the high standard of living we enjoy is due largely to the relatively little we pay for food. Food availability is one of the most essential food requirements in our country for this reason. The more food people have to depend on sources of supply from a distance, the more they will have to pay for food with farm money being available for other necessities and luxuries.

2. For the sake of economy

One of the most powerful arguments for encouraging agricultural activity up to and beyond the limits of the rural area is for the sake of economy. Urban sprawl spreads out over the landscape without direct loss or purpose destroying natural beauty as well as the essential habitat of many interesting and valuable wild creatures. People who live in today's cities and in the sprawling suburbs that have gone up everywhere during the last fifteen years are desperately in need of breathing space. Some of them, and the other end of the good earth and what is produced. (Fruit and vegetables especially need contact with nature and direct contact with the sun and fresh air.) This is not a luxury but a basic human necessity. The right of proper, well-landed farms around where we live would go a long way to mitigate much of the monotony and barren character of present-day urban and suburban living.

3. To keep down the cost of essential services

It is often argued that the cost of essential services should be kept down by providing essential services in the rural area. This is a very good idea, but it is not a simple one. In a study of the lower half of the population of the United States, it was found that low density urban areas had been causing the suburban municipalities of heavy suburban areas \$50,000,000 dollars a year more for services than it would have cost if the urban growth had taken place in a more compact and orderly manner.

The dual type of municipal costs in Chicago today in education, and often more than 50% of the total municipal bill for education. The Commission on the Negro Region is opposed to the present system of taxing land to pay for education costs. It is not only unjust, as other bills to your Committee have pointed out, but in these days, unrealistic because it is a major factor influencing essential services of land use.

The Commission holds that land property should be taxed to pay for services to property, such as roads, fire, police, etc., and that the costs of services to people, such as education and health, should be paid for on an equitable basis among the population at large.

While municipalities of various size are to be found chiefly in rural areas which lie within the range of urban influence, and hardly at all in those

areas which are still entirely rural, the Council believes that the necessary adjustments to existing taxation practices should be made uniform, and that where necessary farmers be given special consideration for tax purposes (see Conservation Council of Ontario Land Use Report - Page 39, Recommendation (n)).

It is an accepted principle that taxation should be related to the ability to pay, but in Ontario this principle is not now being observed sufficiently where farming is concerned.

TREE FARMING AND TAXATION

"Forestry is the production of a crop of trees from which products of commercial value may eventually be harvested. One difference between the typical farm crop and the forest crop is that the farm crop is usually sown and harvested each year, whereas the forest crop must be allowed to grow for a number of years until the trees have sufficient volume to be worth harvesting. Another difference is that the well-managed forest becomes a self-perpetuating crop.

Good forestry practice proceeds on the assumption that it will produce wood products at a profit. Regardless of such profit, however, forest areas in themselves have an intangible and beneficial effect on the countryside and on the whole economy. They are the natural covering for headwater areas, the swamps and gravel moraines which give rise to many small tributary streams; and the only crop which can be grown on the extensive rocky areas of the Province. They embrace many of the other factors included in the conservation scheme, such as surface or underground water storage, wildlife management and recreation. Some authorities even maintain that they influence the climate and rainfall. Apart from their material importance, they are justifiably regarded as a source of health and physical and mental well-being for those who live in or near them." The Report of the Select Committee on Conservation - 1950.

It is worth noting that in the Report of the Select Committee on Conservation, 1950, it was estimated that of the 53,300 square miles in southern Ontario, south of the French and Mattawa rivers, 28,000 square miles should be in forest and that 6,350 square miles, or about 4 million acres, required planting at that time. Since the report was published 13 years ago less than one quarter of a million acres have been reforested.

While a great deal of this planting has been carried out by some counties and by conservation authorities much of the land that still requires planting is in private hands. At the present time there is little incentive for farmers and other landowners to undertake reforestation or improve existing woodlots.

As is the case with the establishment of an orchard, a tree farm is unlikely for many years to produce income to justify or to carry the taxes now levied against it. This is so because land planted in forest trees will entail considerable expenditure and produce virtually no income for many years after planting.

It is recognized that some immediate returns may be had, but in general these are not of significance. The growing of christmas trees has become a doubtful commercial proposition; fuelwood or cullwood will barely cover costs; plantation thinnings will not occur for 25 years and produce at best a small profit.

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TAXATION AND FARMING

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year, whereas the forest crop must be allowed to grow for a
number of years until the trees have sufficient volume to be
worth harvesting. Another difference is that the well-managed
forest becomes a self-perpetuating crop.

Good forestry practice proceeds on the assumption that it
will produce wood products at a profit. However, forestry is
not a business in the same sense as the other industries of the
country. It is a business in the sense that it produces a product
which is sold for a profit. It is a business in the sense that it
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It is worth noting that in the Report of the Select Committee on
Forestry, 1920, it was estimated that of the 5, 100, 000 acres of
forest land in the country, only 1, 000, 000 acres were planted
with trees. The Report also stated that the Government had
the necessary arrangements for the disposal of the surplus.

It is a great pity that the planting of trees has been carried out by some
of the most inefficient methods. The Government has the necessary
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As in the case with the planting of trees, a tree farm is
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has the necessary arrangements for the disposal of the surplus.

The Conservation Council believes that special tax considerations to tree farmers are justified as a means of encouraging the needed reforestation over those great stretches of southern Ontario which are best suited for that use. It is clear that a venture which is unlikely to produce a return during the lifetime of the investor, and is subject to the longterm risks of insects and disease, fire and changing uses of wood, and which enjoys no compensating tax treatment, will not win real public support. Conversely, if given special tax treatment to offset the disadvantages discussed, private enterprise might be prepared to make a very real contribution. Just as governments - for policy reasons - have given special tax incentives to the prospector, so for policy reasons they should give such incentives to the southern Ontario forest owner.

A major deterrent to more extensive participation by private land-owners in tree farming are the provisions of the Income Tax Act which penalize rather than encourage good forestry practices. In its Forestry Report of 1952-53 the Conservation Council included a section dealing with this matter. (As the situation has not changed since that time this section of the report is included as Appendix II to this brief).

RECREATION LAND USE AND TAXATION

One of the major land use problems in Ontario is the provision of adequate opportunities for outdoor recreation within a short driving distance of where the bulk of the people live and work, i.e. in the 10 counties mentioned previously.

Already the demand for day-use recreation in this area exceeds the available opportunities. With a shorter work week, higher incomes and still greater mobility forecast for the future, this gap between supply and demand will grow wider unless action is taken soon to make available to the public those lands which will be needed in this area for outdoor recreation.

At present the necessary action is not being taken - one reason being that much of the land which will be needed for outdoor recreation in the future is also the kind of land that is in demand for residential and industrial development, e.g., shorelines, etc., and which consequently has a high tax revenue potential. In competing with each other for assessment, as they do now, and with the heavy demands upon total municipal tax revenue by school boards, municipalities cannot be expected to show enthusiasm for acquiring or zoning land for recreational use that has a potential for residential or industrial development⁵. Again the problem is regional. If land use planning were established on a regional basis and taxation collected on the same regional basis against a standard assessment procedure, with the monies being redistributed to the communities in the region in accordance with formulae designed to meet education and other commitments, it would be possible to plan realistically for future recreational land use needs.

LAND USE AND SUCCESSION DUTIES

Succession duties as at present applied are a major obstacle in the way of achieving optimum land use. The present trend in farming is towards larger and more efficient farm units, and it is generally agreed that our agricultural requirements in the future will be met from an acreage less than is now in agriculture but which will be the best land farmed more efficiently and intensively.

Existing regulations make no provision for deferring payment of death duties and frequently farm properties must be sold to raise the money to meet these payments. The lack of special provisions militate against those farmers who have a high capital investment in land, buildings, equipment, livestock and/or trees.

The Conservation Council believes that special tax considerations for
farmers are justified as a means of encouraging the needed reforestation
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the lifetime of the investor, and is subject to the long-term risks of insects and
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tax treatment to offset the disadvantages discussed, private enterprise might
be prepared to make a very real contribution. Just as governments - for
policy reasons - have given special tax incentives to the prospector, so for
policy reasons they should give such incentives to the southern Ontario farmer
owner.

A major deterrent to more extensive participation by private land
owners in tree planting are the provisions of the Income Tax Act which penalize
the rather than encourage good forestry practices. In the Forestry Report of
1952-53 the Conservation Council included a section dealing with this matter.
(As the situation has not changed since that time this section of the report is
included as Appendix II to this report).

RECREATION LAND USE AND TAXATION

One of the major land use problems in Ontario is the provision of
adequate opportunities for outdoor recreation within a short driving distance
of where the bulk of the people live and work, i.e. in the 10 counties men-

tioned previously.
Already the demand for day-use recreation in this area exceeds the
available opportunities. With a shorter work week, higher incomes and still
greater mobility towards the future, this gap between supply and demand
will grow wider unless action is taken soon to make available to the public
these lands which will be needed in this area for outdoor recreation.

At present the necessary action is not being taken - recreation land
that might be the land which will be needed for outdoor recreation in the
future is being lost to other uses in residential, industrial and agricultural
development, e.g., shopping centres, and which consequently has a high
revenue potential. In competition with each other for assessment, schools,
hospitals and with the heavy demands upon total available tax revenue by school
boards, municipalities cannot be expected to show enthusiasm for acquiring
recreation land for recreational use that has potential for residential ex-
pansion. Against this problem is regional, it is land use planning
were established on a regional basis and taxation collected on a regional basis
local authorities a standard assessment procedure, with the income being
redistributed to the communities with the region in accordance with formulas
designed to meet education and other community needs. It would be possible to
plan realistically for future recreational land use needs.

LAND USE AND SUCCESSION DUTIES

One of the major land use problems in Ontario is the provision of
adequate opportunities for outdoor recreation within a short driving distance
of where the bulk of the people live and work, i.e. in the 10 counties men-

tioned previously.
Already the demand for day-use recreation in this area exceeds the
available opportunities. With a shorter work week, higher incomes and still
greater mobility towards the future, this gap between supply and demand
will grow wider unless action is taken soon to make available to the public
these lands which will be needed in this area for outdoor recreation.

The prevailing practice of valuating farmland for succession duties on the basis of the highest "going" price in the area also unduly penalizes the farmer. It is common practice, for instance, to assess a farm property for death duties at its value for possible sub-division if land nearby has been sub-divided or developed. Death duties in these cases can be crippling and force the immediate sale for a non-farm purpose.

Because the United Kingdom has made a point of recognizing the special nature of farming and forestry with respect to the levying of succession duties the Conservation Council urges that a study be made of the United Kingdom procedure with a view to possible adoption or adaptation by Ontario and Canada. (Notes on the position of agricultural and forest properties under United Kingdom death duties and under Ontario and Canadian succession duties and estate tax are attached to this brief as Appendix III.)

RECOMMENDATIONS

In consideration of the various points dealt with in this brief the Conservation Council of Ontario recommends:-

- (a) That the Government of Ontario take steps immediately to carry out or complete all land use surveys, resource inventories and land capability studies needed on which to base a land use plan for the Province as an expression of over-all public policy.
- (b) That to ensure that the limited land available in Ontario will be used most productively from the standpoint of longterm social and economic benefits, coordinated urban and resources planning be developed on a regional basis.
- (c) That one of the chief aims of Ontario's official land use plan be the preservation in agriculture of the 12,000,000 acres of prime soils in Ontario, being the total of prime soils available; that taxation be aimed at encouraging production on the prime soils and vacation of marginal lands where economic farming is impossible; that a procedure for zoning agricultural land be aimed at prohibiting, or at least discouraging, the reclassification of our prime soils from agriculture to other land uses.
- (d) That methods of assessment of land be introduced and related to zoning and required services so that prime agricultural land, wherever located, be relieved of unfair taxation, thus permitting economic farming of lands up to, or even within, the urban perimeters, due consideration being given to the need for open space in and around our cities.
- (e) That the Government of Ontario initiate a study to determine how regulations relating to municipal taxation and assessment, income tax and succession duties, which now tend to discourage landowners from planting trees and engaging in forestry as a business, may be revised so as to promote greater participation by private interests in tree farming and in maintaining under forest cover all lands which are best suited for forestry purposes.
- (f) That in carrying out the above study an examination be made of the United Kingdom procedure for the assessment and payment of succession duties by farmers and tree farmers whereby reduced duties are imposed and payment is spread over a period of time, taking into consideration the nature of the crop being grown and the time it takes to earn income from it.

The prevailing practice of valuing land for agricultural purposes on the basis of the highest "usual" price in the area is equally general. The fact, it is common knowledge, for instance, to assess a farm property for health duties at its value for residential use is a clear indication of the value of the land for residential use. It is not surprising, therefore, that the immediate sale for a residential purpose.

Because the United Kingdom has a wide range of agricultural land, the special nature of farming and forestry with respect to the laying of success for the Conservation Council argues that a study be made of the United Kingdom procedure with a view to possible adoption or adaptation by Ontario. (Notice on the position of agricultural and forestry properties under United Kingdom health duties and under Ontario and Canadian succession duties and estate tax are attached to this report as Appendix III.)

RECOMMENDATIONS

- In consideration of the various points dealt with in this report the Conservation Council of Ontario recommends:-
- (a) That the Government of Ontario take steps immediately to carry out or complete all land use surveys, resource inventories and land use studies needed on which to base a land use plan for the Province as an expression of over-all public policy.
 - (b) That to ensure that the land use plan is available for Ontario it be made available to the public in the form of a report and that the plan be made available to the public in the form of a report and that the plan be made available to the public in the form of a report.
 - (c) That one of the chief aims of Ontario's agricultural policy be the preservation in agriculture of the 15,000,000 acres of prime soils in Ontario, being the land of prime soils available; that taxation be applied to encourage preservation of the prime soils and vacation of marginal lands where economic farming is impossible; that a provision for zoning agricultural land be made as prohibiting, or at least discouraging, the residential use of prime soils from agriculture to other land uses.
 - (d) That methods of assessment of land be introduced and related to zoning and regulated activities so that prime agricultural land, wherever located, be relieved of unfair taxation, thus permitting economic farming of lands up to, or even within, the urban fringe, and conservation being given to the land for open space in and around the cities.
 - (e) That the Government of Ontario initiate a study to determine how regulations relating to agricultural taxation and assessment, the zoning and succession duties, which now tend to discourage land from being used for agriculture, and engaging in forestry as a business, may be revised so as to promote greater participation by private interests in tree farming and in maintaining higher forest cover all lands which are best suited for forestry purposes.
 - (f) That in carrying out the above study an investigation be made into the United Kingdom procedure for the assessment and payment of agricultural duties by farmers and foresters whereby reduced duties are imposed and payment is spread over a period of years, taking into consideration the nature of the crop being grown and the time it takes to earn income from it.

CONCLUSION

It will be seen that two of the above recommendations have to do with the need for planning. To dispel possible misconceptions about what we mean by planning, a short explanation may be in order.

In calling for a land use plan for the Province as an expression of overall public policy we are not suggesting a rigid blueprint of land use that will be imposed on individuals or municipalities by the Ontario Government. The kind of plan we have in mind would be in the nature of a policy guide for all the various public and private agencies in Ontario concerned in any way with land use. It would be based on periodic inventories of land and resources and on a land capability survey for all of the Province.

Although a great deal of land use planning is now being done in Ontario, both privately and by various levels of government, there is little or no comprehensive planning being carried out, and very little coordination among governments, among departments within governments, or between governments and private agencies. The result is increasing waste, both of land and of public funds.

The plan we visualize would be "comprehensive" - that is, it would be concerned with all the demands we are making upon our lands, for highways, for recreation, for industry, for agriculture, for forestry and for housing. It would also be "general", because the demands we are making on the land are constantly changing. The plan's objectives, target dates and policies regarding land use would have to be modified constantly to meet new conditions and circumstances.

An overall land use plan for Ontario could serve these special purposes, and would do so if adopted by the Legislature:-

- * It could furnish background information to the Government of Ontario as it adopts policies for land use and development.
- * It could, standing as official public policy, guide public and private land development agencies.
- * It could give the Legislature a means of evaluating the flood of proposals it receives to construct new public works.
- * It could help provincial, federal and local governments decide when to budget, when and where to provide public works or facilities to serve the people of Ontario, and where not to provide facilities.

Regarding our recommendation for regional planning, what we are proposing is a rationalization on an area-wide basis of some municipal government functions, including assessment and taxation, to halt wasteful trends in land use, making possible instead those uses of land which may yield the greatest social and economic benefits to the people of Ontario in the long run. A key requirement of regional planning is the integration of urban planning and resources planning over the entire region.

In order to establish regional planning and make it work, it is essential, as we said earlier, for the Province to give leadership through appropriate legislation, and by providing the needed technical assistance to the regional authorities.

While regional planning must be done by the people of the regions themselves through decisions democratically determined, the Province has an obligation to see that such planning is undertaken and carried out. Decisions by municipal governments affecting land use, which are taken or not

CONCLUSION

It will be evident from the above recommendations that the need for a comprehensive regional planning approach is obvious. It is suggested that a regional planning authority be established to coordinate the various planning efforts of the various government departments and to ensure that they are carried out in a co-ordinated manner.

In setting up a regional planning authority for the Province as an extension of the provincial government, it is suggested that the authority should be given a wide range of powers and responsibilities. It should be responsible for the preparation and implementation of regional development plans, for the allocation of funds to various regional development projects, and for the monitoring and evaluation of the progress of these projects. It should also be responsible for the coordination of the various planning efforts of the various government departments and for the ensuring that they are carried out in a co-ordinated manner.

Although a great deal of land use planning is now being done in Ontario, both privately and by various levels of government, there is little co-ordination between the various planning efforts. This is due to the fact that the various planning efforts are carried out in a piecemeal manner, with each government department planning for its own interests without regard for the interests of the other government departments. This results in a lack of co-ordination and in the duplication of efforts.

The plan for a regional planning authority is a comprehensive one. It would be responsible for the preparation and implementation of regional development plans, for the allocation of funds to various regional development projects, and for the monitoring and evaluation of the progress of these projects. It would also be responsible for the coordination of the various planning efforts of the various government departments and for the ensuring that they are carried out in a co-ordinated manner. This plan is a comprehensive one and it is suggested that it be adopted by the provincial government.

An overall plan for the Province could serve these purposes. It would be responsible for the preparation and implementation of regional development plans, for the allocation of funds to various regional development projects, and for the monitoring and evaluation of the progress of these projects.

It is suggested that the provincial government should establish a regional planning authority to coordinate the various planning efforts of the various government departments and to ensure that they are carried out in a co-ordinated manner.

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taken, as the case may be, nowadays often have an influence, for better or for worse, on land and people far beyond the boundaries of the municipalities in question.

We recognize that some of the recommendations we have made in this brief may be considered fairly radical, but we live at a time when rapid social and technological changes are creating problems with which some of our institutional arrangements are now totally inadequate to deal. If Ontario is to remain a good place in which to live and to make a living we must be prepared to face these problems with courage and imagination.

Representatives of the Conservation Council of Ontario will be glad to appear before your Committee to enlarge upon the views expressed in this brief and to discuss any points you might wish us to clarify.

Respectfully submitted,

D. N. Kendall
President
The Conservation Council of Ontario
January 22nd, 1964.

likely as the case may be, nowadays often have an influence, for better or
for ill, on the mind and spirit of the community.
Let us consider.

We recognize that some of the recommendations we have made in
this letter may be considered fairly radical, but we live at a time when rapid
social and technological changes are creating problems with which some of
our traditional attitudes and ways of thinking are unable to deal. It is
to remain a good citizen in such a time as this is to be a living organism,
open to the new problems with courage and imagination.

Representatives of the Conservation Council of Oregon will be glad
to appear before your Committee to discuss upon the views expressed in this
letter and to discuss any points you might wish to be clarified.

Respectfully submitted,

Dr. W. Mendenhall
President
The Conservation Council of Oregon
January 22nd, 1964

NOTES AND REFERENCES

1. D. F. Putnam, "Mississauga," published in the Board of Trade Journal, May 1957. The ten counties mentioned are:-

Ontario, York, Peel, Halton, Wellington,
Waterloo, Brant, Wentworth, Lincoln and
Welland.

2. In the above mentioned article Dr. Putnam estimated that by 1980 the population of the ten counties comprising the Mississauga region would increase by half as many again as the 1956 census figures and that by the end of the century there would be twice as many people living in that area.
3. (a) L. O. Gertler and Joan Hind-Smith, "The Impact of Urban Growth on Agricultural Land," a background paper for the "Resources for Tomorrow" Conference, October 1961 - published in Supplementary Background Papers, "Resources for Tomorrow" Conference, The Queen's Printer, Ottawa.

(b) A. D. Crerar, "The Loss of Farmland in the Growth of the Metropolitan Regions of Canada," a brief from the Community Planning Association of Canada to the "Resources for Tomorrow" Conference, 1961.
4. A. D. Crerar, "Economic Aspects of Urban Sprawl," a study for the Lower Mainland Regional Planning Board, 1956.
5. P. F. C. Byars, City Manager, Halifax, Nova Scotia. Excerpt from an address to the Silver Jubilee Conference of the Canadian Federation of Mayors and Municipalities, Winnipeg, June 1962:-

"The dependence of municipal governments upon a levy on real property values forces the municipal council to be careful of the tax imposition. Municipal councils are forced into economy measures by their closeness and intimacy with the taxpayers, and they feel that they must refrain from imposing what taxpayers may consider to be confiscatory taxation. The result is, of course, that the budgets for services which fall into the category of direct municipal responsibility such as provision of necessary public works, protection to persons and property, recreation and community services, and so on, are always whittled down to the point where only austerity programs can be carried out with the funds available after taking care of the amount of school taxes requisitioned by the school board."

NOTES AND REFERENCES

1. L. E. Brown, "Municipalities," published in the *Journal of Urban Economics*, May 1967. The ten countries mentioned are: France, Canada, West Germany, Belgium, Netherlands, Sweden, Norway, Denmark, Finland, and Iceland.
 2. In this paper, mentioned earlier, Dr. Brown estimated that by 1980 the population of the ten countries comprising the "Western" region would increase by half its 1965 figure. At the same time, he estimated that by the end of the century there would be twice as many people living in that area.
 3. (a) L. E. Brown and John H. Brown, "The Impact of Urban Growth on the Environment: A Background Paper for the 'Conference on Tomorrow's Environment,' October 1961, published in *Conference on Tomorrow's Environment, The Queen's University, Kingston, Ontario*.
 - (b) L. E. Brown, "The Loss of Farmland in the Growth of the Metropolitan Region of Canada," a paper for the 'Conference on Tomorrow's Environment of Canada to the 'Conference on Tomorrow's Environment,' 1961.
 4. L. E. Brown, "Economic Aspects of Urban Sprawl," a study for the *Lower Merion Regional Planning Board*, 1964.
 5. P. E. Brown, City Manager, Halifax, Nova Scotia. Excerpt from an address to the Silver Jubilee Conference of the Canadian Federation of Mayors and Municipalities, Winnipeg, June 1962.
- "The dependence of municipal governments upon a levy on real property values forces the municipalities to be careful of the tax implications. Municipalities are forced into economy measures by their closeness and intimacy with the taxpayers, and they feel that they must restrain from increasing what tax-payers may consider to be confiscatory taxation. The result is, of course, that the budgets for services which fall into the category of direct municipal responsibility such as provision of necessary public works, protection to persons and property, recreation and community services, and so on, are always being left down to the point where only essential services can be carried out with the funds available after meeting the amount of school taxes requisitioned by the 'school board'."

Excerpt from the Economic Survey of the Niagara Region
Ontario Department of Economics and Development - 1963.
(Pages 43 and 44)

"Any efforts aimed at arresting the decline in the Niagara fruit lands must entail in the first place measures which will ensure the fruit farmer a reasonable livelihood from his operations. To some of the problems practical solutions are feasible; others present many and complicated difficulties, particularly the problem of urbanization.

"Statistics on the production of fruits and the dependent secondary industries have shown that the Fruit Belt's contribution to the Provincial economy is substantial. They also show a decline in total fruit acreage as well as in 'tender fruit' area. This decline is further illustrated by the section below on the Niagara Fruit Lands which was prepared by the Department of Municipal Affairs.

"These findings reveal that the average rate of 'tender fruit' land converted between 1934 and 1954 was 80 acres per annum and that it was 320 acres per annum between 1955 and 1958. Should the rate of conversion as it prevailed in recent years be accelerated, we can expect that within a few decades, the 'tender fruit' areas will have disappeared from the Niagara scene.

"It is not necessary, however, for the events expressed by this pessimistic view of the future of the Fruit Belt to run their course. There appears to be ample room for urban and industrial growth as well as for increased production of fruit on the Fruit Belt. The pattern of urbanization in the Peninsula has to a large extent been of the haphazard, low-density type. This kind of 'urban sprawl' might be channelled into an orderly and compact urban development which would not only save the fruit lands but also be advantageous to both urban and rural municipalities. Planned development of this nature cannot, however, be successfully administered solely at municipal level. This type of planned development requires that some planning organization be given statutory authority to devise and implement a regional land-use program on a long-term basis."

APPENDIX I

Excerpt from the Economic Survey of the Niagara Region
Ontario Department of Economics and Development - 1961
(Pages 42 and 43)

"Any efforts aimed at reversing the decline in the Niagara front lands must start in the near future with measures which will ensure the front lands a reasonable livelihood from the operation. To some of the problems practical solutions are feasible; others present many and complicated difficulties, particularly the problem of reclamation."

"Statistics on the production of fruits and the dependent secondary industries have shown that the Fruit Belt's contribution to the Provincial economy is substantial. They also show a decline in total fruit acreage as well as in total fruit area. This decline is further illustrated by the section below on the Niagara front lands which was prepared by the Department of Municipal Affairs."

"These findings reveal that the average rate of land front land converted between 1951 and 1956 was 80 acres per annum and that it was 320 acres per annum between 1956 and 1961. Given the rate of conversion as it prevailed in recent years as indicated, we can expect that within a few decades, the land front area will have disappeared from the Niagara scene."

"It is not necessary, however, for the events expressed by this pessimistic view of the future of the Fruit Belt to be their reality. There appears to be ample room for urban and industrial growth as well as for increased production of fruit on the Fruit Belt. The pattern of urbanization in the Fruit Belt has been a large extent one of the high-density, low-density type. This kind of urban growth might be channelled into an orderly and compact urban development at which point not only would the front lands but also be preserved one to two miles and rural municipalities. Planned development of this nature could, however, be successfully administered only at a municipal level. This type of planned development requires that some authority or organization be given authority to devise and implement a regional land-use program on a long-term basis."

Excerpt from the 1952-53 Forestry Report of the
Conservation Council of Ontario

Income Tax Act in Relation to Reforestation

Reforestation expenses are regarded by tax officials as a capital expenditure and therefore not deductible from income, whereas revenue from plantations or woodlots is regarded as a taxable income, thus working a considerable hardship on anyone operating a woodlot or proposing to establish and operate a plantation.

It is proposed to set this situation out in detail for the Council's study, as this is one of the most important factors aligned against reforestation in southern Ontario today.

Income Tax on Woodlands

On March 28, 1951 the following questions were submitted to the Income Tax Department and the following answers were received:-

1. If a woodlot is sold for a lump sum, is there any income tax to be paid?
ANSWER: NO
2. If the owner cuts all the merchantable timber, but leaves the second growth - that is, trees up to 8" and 10", he has really taken the capital the same as in the previous case, but he has left the young growth. Does this man pay Income Tax on what he has taken out?
ANSWER: YES
3. If a man cuts, say one dozen trees in a year, does he pay Income Tax on the amount he receives above his labour?
ANSWER: YES
4. If a man sells a dozen trees from his woodlot to an operator, but the operator does all the work, does this man pay Income Tax on what he takes out?
ANSWER: NO

The farmer who puts out a plantation, or allows a secondary growth woodlot to grow, can charge for expenses in this connection against his general farm operations. This is not the case with a man on a salary who buys a woodlot or creates a plantation. The salaried man pays the expenses involved from his savings. His expenses each year are planting costs, taxes and interest on his investment, and/or any improvement work that is done in the woodlot. At the present time there is no way he can deduct these expenses from the Income Tax levied on his salary. This tends to discourage salaried people from buying waste land and reforesting it - because a timber crop will require fifty years before a profitable cutting may be made, and during this time the timber grower must not only pay all of the expenses but he must pay income tax on the money thus spent if it is diverted from his salary income.

Notes on Position of Agricultural and Forest Properties under
United Kingdom Death Duties and under Ontario and Canadian
Succession Duties and Estate Tax

- (a) Forests and plantations, referred to as "timber" are valued, under the United Kingdom Act, at the date of death and taxed at the same rate as the rest of the estate, but payment is postponed until the timber is actually sold. If the timber is sold from time to time then the tax payable on the portion sold is payable when that portion is sold.
- (b) The United Kingdom death duty treatment of agricultural land is extremely favourable and is 55% of the rate applicable to the rest of the estate, i.e. a reduction of 45%, but this excludes any timber. To the extent that the land has an additional value over its agricultural value, this additional value is taxed at the full rate applicable to the rest of the estate.
- (c) Under the Ontario and Canadian Acts agricultural land, woodlands and plantations enjoy no favourable or special treatment. Basically the factor in all cases is market value, and this value is based upon the highest and best use of the property after taking into account all the surrounding factors. If the property in question is in a development area then it will be considered on that basis even though it is proposed to continue using the land for farm purposes, though consideration would be given to the question whether the land is likely in the foreseeable future to obtain the necessary services to the land for subdivision purposes.

